

# LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



**B.Com., B.Sc. DEGREE EXAMINATION – ECONOMICS, MATHS & STATS**

**THIRD SEMESTER – NOVEMBER 2013**

**CO 3204 - ACCOUNTING FOR MANAGERS**

Date : 13/11/2013  
Time : 9:00 - 12:00

Dept. No.

Max. : 100 Marks

## **Section A**

**Answer ALL questions 10 x 2 = 20**

1. What is Book Keeping?
2. What is Gross Profit?
3. Calculate Gross profit and cost of goods sold from the following information  
Net sales                                 ` 200000  
Gross profit is 25 % on cost
4. Define the term Costing.
5. Write a short note on prime Cost
6. Calculate the Raw material Consumed from the following information :  
Raw material purchased                 ` 80000  
Sale of material Scrap                     ` 1000  
Opening stock of raw material         ` 12000  
Closing stock of material                 ` 21000
7. Explain the term Break Even Point
8. What do you understand the by Debtors Velocity
9. Determine the value of closing stock from the following details  
Sales ` 400000  
Gross profit ratio 10% on sales  
Stock Velocity 4 times  
Closing stock was ` 10000 in excess of opening stock
10. What is Journal?

**Part B**

**Answer any four questions 4 x 10 = 40**

11. Define Budgeting and Budget Control. Describe the advantages and Limitations of Accounting.

12. Journalise the following transactions of M/S Aparna & Sons

Date	Transactions	Amount `
2000	Business started with ` 250000 and	
Jan 1	Cash deposited with bank	150000
3	Purchased machinery on credit from Raghavan	50000
6	Bought furniture from Ramesh for cash	25000
8	Goods sold to Yasodha	22500
10	Bought goods for cash from Anitha	2500
13	Bought Office Stationery for cash	2800
14	Paid rent	600
17	Paid salaries	700
23	Cash received from Yasodha	20000
31	Cash withdrawn from Bank	5000

13. Prepare Trial Balance from the following balances extracted from the ledger

Sujatha's Drawings Account	5800
Sujatha's Capital account	24000
Sundry creditors	43000
Bills payable	4000
Sundry Debtors	51000
Bills receivable	5200
Loans advanced to Ram & co	10000
Fixtures and fittings	4500
Stock at commencement	47000
Cash in office	900
Cash at bank	12500
Overdraft with the central Bank	6000
Purchases	50000
Duty and clearing charges	3500
Sales	128000
Staff salaries	9500
Return from customers	1000
Return to creditor	1100
Commission and travelling expenses	4700
Trade expenses	2500
Discount received	4000

14. The following details have been obtained from the cost records of Nancy Ltd

Stock of raw materials on 1 <sup>st</sup> Dec 2010	` 75000
Stock of raw materials on 31 <sup>st</sup> Dec 2010	` 91500
Direct wages	` 52500
Indirect wages	` 2750
Sales	` 211000
Work in progress 1 <sup>st</sup> Dec 2010	` 28000
Work in progress 31 <sup>st</sup> Dec 2010	` 35000
Purchases of raw material	` 66000
Factory rent ,rates and power	` 15000
Depreciation of plant and machinery	` 3500
Expenses on purchases	` 1500
Carriage outwards	` 2500
Advertising	` 3500
Office rent and taxes	` 2500
Travellers wages and commission	` 6500
Stock of finished goods -1 <sup>st</sup> Dec 2010	` 54000
Stock of finished goods -31 <sup>st</sup> Dec 2010	` 31000

Prepare a cost sheet giving the maximum possible break-up of the cost and profit

15. Following are the ratios relating to the Trading activities of Neela Traders Ltd Madras

Receivables turnover	90 days
Inventory turnover	3 times
Payable turnover	3 months
Gross profit ratio	25%

Gross profit for the year amounted to Rs.18000. Closing inventory of the year is Rs.2000 above the opening inventory .Bill receivable amount to Rs.2500 and Bills payable Rs.1000. Ascertain the following

a.Sales                      b.Debtors                      c.Closing Stock   d.Sundry  
Creditors

16. An automobile manufacturing company finds that the cost of making Part No.208 in its own workshop id Rs.6 .The same part is available in the market at Rs.5.60 with an assurance of continuous supply. The cost data to make the part are

Material	` 2
Direct Labour	` 2.50
Other variable Expenses	` 0.50
Fixed cost allocated	` 1.00

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` 6

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a) Should the part be made or bought?

b) Will your answer be different if the market price is Rs.4.60

Show your calculations clearly.

17. How do you classify accounting concepts? Explain the same.

**Part C**

**Answer any Two Questions 2 x 20 = 40**

18. Prepare a Trading and Profit & Loss a/c for the year ended 31<sup>st</sup> December 1995 and a balance sheet as on that date from the following Trial Balance of Mr.Arunvalan:

Drawings	45000	Capital	160000
Good will	90000	Bills payable	35000
Buildings	60000	Creditors	70000
Machinery	40000	Sales	218000
Opening stock	40000	Purchase returns	2650
Wages	26000		
Carriage inwards	1000		
Rent	3000		
Repairs	2300		
Cash	1600		
Bad debts	1200		
Furniture	6000		
General expenses	450		
Bills receivable	6000		
Purchases	51000		
Carriage out wards	500		
Salaries	35000		
Discount	1100		
Bank	25000		
Debtors	45000		
Sales return	2000		
Advertisement	3500		
<b>Total</b>	<b>485650</b>	<b>Total</b>	<b>485650</b>

Adjustments:

- i. Closing Stock was ` 35000
- ii. Depreciate Machinery and Furniture by 10%
- iii. Outstanding wages ` 1500
- iv. Prepaid advertisement ` 500
- v. Create 5% on debtors for bad debts as provision.

19. Given below is the summarised balance sheet and profit and loss of Sharmila Ltd as on 31-12-1997. You are required to calculate

- A. Current Ratio, B. Quick Ratio, C.Fixed Assets Ratio  
 D. Proprietary Ratio, E. Stock Turnover Ratio, F.Fixed Assets Turnover Ratio  
 G. Debtors Turn Over Ratio H.Creditors Turnover Ratio I.Net Profit ratio  
 J. Debt Equity Ratio K. Return on Capital Employed L. Operating Ratio

**Balance sheet as on 31-12-1997**

<b>Liabilities</b>		<b>Assets</b>	
Issued capital 4000 shares of 100 each	40,00,000	Land & Building	30,00,000
Reserves	18,00,000	Plant & Machinery	16,00,000
Creditors	26,00,000	Stock	29,60,000
Creditors	26,00,000	Debtors	14,20,000
Profit & loss A/c	6,00,000	Cash at bank	6,20,000
6% debentures	6,00,000		
<b>Total</b>	<b>96,00,000</b>	<b>Total</b>	<b>96,00,000</b>

**Profit and Loss Account**

<b>Particulars</b>		<b>Particulars</b>	
To Opening stock	19,90,000	By Sales	1,70,00,000
To Purchases	1,09,05,000	By Closing Stock	29,80,000
To Direct Expenses	2,85,000		
To Gross Profit	68,00,000		
	<b>199,80,000</b>		<b>199,80,000</b>
To Administrative expenses	30,00,000	By Gross profit	68,00,000
To Selling & Distribution expenses	6,00,000	By Non-operating income	1,80,000
To Financial Expense	3,00,000		
To other non-operating expenses	80,000		
To Net Profit	30,00,000		
	<b>69,80,000</b>		<b>69,80,000</b>

20. Prepare a flexible budget for overheads on the basis of the following data. Ascertain overhead rates at 60% and 70% and 50% capacity

**Variable over heads**

**At 60% capacity**

Indirect material 6000

Indirect labour 18000

**Semi variable Overhead**

Electricity (40% fixed and 60 % variable) 30000

Repairs (80% fixed 20% variable ) 3000

**Fixed overhead**

Depreciation 16500

Insurance 4500

Salaries 15000

Total overhead 93000

Estimated Direct Labour hours 186000

21. The following information is obtained from Gayathri& Co for the yearended 31<sup>st</sup> March 2008.

Sales Rs.200000, Variable Cost Rs.150000. Fixed Cost 30000

You are required to calculate the following

- a) Present PV ratio, Break Even point and Margin of safety
- b) Revised PV ratio, BEP, and Margin of safety in each of the following cases.
  - i. 25% increase in selling price
  - ii. 10% decrease in selling price
  - iii. 20% increase in fixed cost
  - iv. 10% decrease in fixedcost
  - v. 10% increase in variable Cost

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